

Northern and Central Gas Corporation Limited
Annual Report

1984





Business of the Company

Northern and Central Gas Corporation Limited owns and operates, either directly or through subsidiaries, natural gas distribution facilities in the provinces of Ontario, Quebec and Manitoba. The Ontario operation serves approximately 80 communities in northwestern, northern and eastern Ontario. In Quebec, Le Gaz Provincial du Nord de Québec Ltée serves Noranda, Rouyn and Temiscaming. In Manitoba, Greater Winnipeg Gas Company operates gas distribution facilities in the greater Winnipeg area and adjacent communities.

On January 25, 1985, effective from September 30, 1984, the common shares of the Company were sold by Norcen Energy Resources Limited to Inter-City Gas Corporation.

Highlights

Financial (\$000's)

	1984	1983
Sales and other revenues Northern and Central Gas.	\$527,538	\$510,793
Greater Winnipeg Gas.	221,054	209,271
	<u>\$748,592</u>	<u>\$720,064</u>
Income from continuing operations Northern and Central Gas.	\$ 10,472	\$ 12,738
Greater Winnipeg Gas.	6,976	3,948
	<u>17,448</u>	<u>16,686</u>
Dividends from Gaz Métropolitain, inc.	7,753	7,409
	<u>\$ 25,201</u>	<u>\$ 24,095</u>

Operating

Customers at year-end.	311,008	297,412
Expenditures on properties, plant and equipment, net (\$000's).	\$ 54,639	\$ 45,095
Properties, plant and equipment (\$000's)	\$379,045	\$338,266



Report to Shareholders

Revenues and Earnings

Income from continuing operations increased to \$25.2 million from \$24.1 million in 1983 as a result of higher contributions from the Manitoba operations and Gaz Métropolitain, inc., partially offset by a lower contribution from the Ontario operations. The Company's share of the earnings of its oil and gas subsidiary, which was sold to Norcen Energy Resources Limited effective September 30, 1984, declined to \$2.0 million from \$2.3 million last year. An extraordinary loss on the sale of its oil and gas subsidiary reduced net income by \$9.4 million to \$17.8 million compared with \$26.4 million in 1983.

Dividend income from Gaz Métropolitain, inc. increased to \$7.8 million from \$7.4 million reflecting the increase in quarterly dividend rate on common shares from 14¢ per share to 15¢ per share effective from the third quarter of 1983 and to 16¢ per share effective from the third quarter of 1984.

Gas sales and other revenues increased to \$748.6 million from \$720.1 million last year due to higher gas sales volumes and rate increases to recover higher operating and financial expenses. Volumes of gas sold increased to 4,359 10⁶m³ from 4,260 10⁶m³ in 1983. The number of customers increased by 13,596 to 311,008 at the end of 1984.

Ontario Operations

Income from continuing operations declined to \$10.5 million from \$12.7 million as a result of increased operating and financial expenses which were only partially offset by increased gas sales rates and higher volumes of gas sold. Residential and commercial sales volumes increased by 35 10⁶m³ to 942 10⁶m³ due to an increase in the number of customers to 145,848 at the end of the year from 135,799 at the end of 1983. Industrial sales volumes improved by 10 10⁶m³ to 2,105 10⁶m³, although industrial firm sales volumes declined by 35 10⁶m³ due to competition from other fuels.

The expanded marketing program to attract new residential and commercial customers was particularly successful in 1984. New customer attachments increased to 11,415 from 7,886 in 1983.

The Company made application for federal Distribution System Expansion Program (DSEP) grants in 1984, to enable expansion into previously unserved areas which would not have been feasible otherwise. Grants obtained for 1984 amounted to \$11.0 million compared with \$8.8 million in 1983. Capital expenditures, after deducting grants and other

contributions, increased to \$46.2 million from \$37.0 million in 1983. In 1985, net capital expenditures are expected to be \$49.0 million. In January 1985, the Company commenced construction of a pipeline from Sault Ste. Marie to serve the communities of Blind River and Elliot Lake. It is estimated to cost \$51 million, of which \$30 million will be funded by DSEP grants.

Manitoba Operations

Income from continuing operations increased by \$3.0 million to \$7.0 million as a result of increased volumes of gas sold. Residential and commercial sales volumes improved by 37 10⁶m³ to 1,011 10⁶m³ due to 4% colder weather during this year's billing period than last year, and an increase in the number of customers. Industrial gas sales volumes increased to 301 10⁶m³ from 284 10⁶m³ in 1983. The number of customers at December 31, 1984 increased to 165,160 from 161,613 at the end of 1983.

During the year, 3,942 new customers were connected, of which 2,724 were for gas service to new housing, compared with 3,786 new customers in 1983, of which 2,525 were for new housing. Residential conversions continue to decline as natural gas saturates the home heating market.

In 1984, capital expenditures were \$8.4 million compared with \$8.0 million in 1983. Capital expenditures for 1985 are expected to increase to \$9.2 million.

Regulation

The Ontario Energy Board granted the Company, on December 28, 1984, increased revenues of \$7,187,000 for the 1985 test year to recover increased operating and financial expenses. The Board allowed a 15.75 per cent rate of return on common share equity and a 13.23 per cent rate of return on rate base. In determining the revenue deficiency, the Board approved the utility income and rate base as filed. The rate increase took effect from January 1, 1985.

Greater Winnipeg Gas was granted an increase in rates effective September 1, 1984 which allowed the company to recover increased operating and financial expenses based on a 1983 test year. The Public Utilities Board of Manitoba allowed a 14.25 per cent rate of return on common share equity and a 12.65 per cent overall rate of return on a rate base of \$105.1 million.



Outlook

Operating results for 1984 were lower than expected, mainly as a result of lower than anticipated volumes of gas sold due to approximately 3 per cent warmer weather than normal.

Mr. Jean-Jacques Leroux is retiring from the Company effective April 15, 1985 after contributing 37 years to the gas industry in Canada. On behalf of the Directors, we congratulate Mr. Leroux on his long and distinguished career and the contribution he has made to the gas industry. During his active career, he served as Chairman of the Canadian Gas Association, a Director of the American Gas Association and was a member of the Bureau of the International Gas Union. Mr. Leroux will continue his involvement in the natural gas industry as a Director of Gaz Métropolitain, inc., and Gaz Inter-Cité Québec Inc.

Effective September 30, 1984, the common shares of the Company were sold by Norcen Energy Resources Limited to Inter-City Gas Corporation. We would like to take this opportunity to thank the employees for their significant contribution to the present success of the Company, and wish them success in all their future endeavours.

On behalf of the Board of Directors,

R. G. Graham,
Chairman of the Board

April 12, 1985.

N. J. Didur,
President

Summary of Accounting Policies

Year ended December 31, 1984

The Company and its subsidiaries are engaged primarily in regulated gas distribution operations in Manitoba through Greater Winnipeg Gas Company, in Ontario through Northern and Central Gas Corporation Limited and northwestern Quebec through Le Gaz Provincial du Nord de Québec Ltée all of which are classified as one business segment for financial reporting purposes.

On January 25, 1985, effective from September 30, 1984, the common shares of the Company were sold by Norcen Energy Resources Limited ("Norcen") to Inter-City Gas Corporation ("Inter-City").

The principal accounting policies followed by the Company and its subsidiaries are summarized here to facilitate a review of the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

The excess of acquisition costs over underlying value of net assets at date of purchase in respect of amalgamated companies are included in "Other Assets" and are not being amortized.

Foreign currency translation

Long-term debt and investments denominated in U.S. dollars previously translated at rates in effect at the dates the amounts were incurred are, effective January 1, 1984, translated at the rates of exchange prevailing at the balance sheet date. Any exchange gains or losses arising on translation of these amounts are deferred and amortized over the remaining term to maturity. As a result of this change, a foreign currency loss of \$5,589,000 has been deferred as part of "Other Assets" at December 31, 1984 and the effect of this change has been to reduce 1984 income by \$1,103,000 (\$0.06 per share).

Inventories

Gas in storage is carried at cost which includes transportation and storage. Supplies are carried at the lowest of historic cost, replacement cost and net realizable value.

Properties, plant and equipment

Properties, plant and equipment are carried at cost which includes direct costs, overhead attributable to construction and interest on funds used during construction.

Depreciation is provided on the straight-line method at rates approved by regulatory authorities. The application of such rates is equivalent to a composite rate of approximately 3.15% (3.27% in 1983).

The original cost of property retired is removed from plant accounts and charged to accumulated depreciation, which is credited with the salvage proceeds less removal costs. Under this method, no profit or loss is recognized on ordinary retirements of depreciable property.

Maintenance, repairs and minor renewals are charged to maintenance expense accounts. Renewals and betterments of property are capitalized.

Deferred charges

Costs of issuing long-term debt are deferred in the year incurred and amortized against income over the term of the applicable issue.

The Companies defer, in the year incurred, certain expenses which the regulatory authorities require or permit to be recovered from future revenues; such charges are being amortized over various time periods.

Income taxes

The Companies' rates and revenues, established for regulatory purposes, include recovery of only such income taxes as are currently payable. Accordingly, the Companies provide for income taxes on this basis and do not provide for income taxes which may be payable in future years as a result of current differences in timing of deductions, principally in respect of depreciation and amortization, for financial reporting and income tax purposes. Such income taxes not provided and not recovered in revenues amounted to \$6,200,000 in 1984, (\$6,100,000 in 1983), and \$71,100,000 in total to December 31, 1984.

Consolidated Statement of Income

Year ended December 31, 1984

(thousands of dollars)

	1984	1983
Sales and other revenues		
Gas sales	\$727,825	\$698,154
Interest income		
Gaz Métropolitain, inc.	7,474	7,777
Demand note from Norcen (note 2)	3,595	3,595
Other revenues	9,698	10,538
	<u>748,592</u>	<u>720,064</u>
Costs and expenses		
Gas purchases	610,804	595,923
Operations and maintenance	63,687	56,829
Depreciation	12,254	11,435
Interest		
Long-term debt	37,808	33,043
Advances from Norcen	992	228
Other	154	742
Income taxes (note 8)	5,445	5,178
	<u>731,144</u>	<u>703,378</u>
Income from operations	17,448	16,686
Dividend income from Gaz Métropolitain, inc.	7,753	7,409
Income from continuing operations	25,201	24,095
Equity in income of oil and gas subsidiary	1,978	2,303
Income before extraordinary item	27,179	26,398
Loss on sale of oil and gas subsidiary (note 9)	9,400	
Net income	<u>\$ 17,779</u>	<u>\$ 26,398</u>
Dividends on preference shares	<u>\$ 3,220</u>	<u>\$ 3,449</u>
Income applicable to common shares:		
From continuing operations	<u>\$ 21,981</u>	<u>\$ 20,646</u>
Before extraordinary item	<u>\$ 23,959</u>	<u>\$ 22,949</u>
Net income	<u>\$ 14,559</u>	<u>\$ 22,949</u>
Earnings per common share:		
From continuing operations	\$1.23	\$1.16
Before extraordinary item	\$1.34	\$1.28
Net income	\$0.82	\$1.28



Consolidated Balance Sheet

as at December 31, 1984

(thousands of dollars)

Assets

	1984	1983
Current assets		
Cash and deposits	\$ 67	\$ 57
Accounts receivable and unbilled gas	117,136	107,071
Inventory of gas in storage and supplies	24,843	22,880
Total current assets	142,046	130,008
Investments (note 2)	216,378	222,071
Properties, plant and equipment (note 3)	379,045	338,266
Other assets	19,191	13,323
	<u>\$756,660</u>	<u>\$703,668</u>

Liabilities

Current liabilities		
Bank indebtedness	\$ 5,903	\$ 6,028
Accounts payable and accrued charges	100,173	94,963
Income and other taxes	381	4,238
Current maturities on long-term debt	10,066	11,712
Current liabilities, excluding demand bank credits and advances from Norcen	116,523	116,941
Demand bank credits (note 4)	63,485	1,775
Advances from Norcen	2,000	1,737
Total current liabilities	182,008	120,453
Long-term debt (note 5)	315,854	316,479
Total liabilities	<u>497,862</u>	<u>436,932</u>

Shareholders' Equity

Capital stock (note 6)

Issued		
First preference shares		
91,805 \$2.60 cumulative, first series (95,805 in 1983)	4,590	4,790
25,893 \$2.70 cumulative, second series (26,793 in 1983)	1,295	1,339
Second preference shares		
1,083,900 7.85% cumulative, series A, issue price \$25 (1,139,900 in 1983)	27,098	28,497
Third preference shares		
910 \$1.06 cumulative, series A	23	23
64,291 \$1.50 cumulative, series B (68,188 in 1983)	1,607	1,705
276,000 \$1.94 cumulative, series C (322,000 in 1983)	6,900	8,050
17,860,630 Common shares	140,838	142,583
Retained earnings (note 7)	76,447	79,749
Total shareholders' equity	<u>258,798</u>	<u>266,736</u>
	<u>\$756,660</u>	<u>\$703,668</u>

Approved by the Board

Director

Director

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1984

(thousands of dollars)

	1984	1983
Source of funds		
From continuing operations	\$ 41,453	\$ 37,872
Issue of long-term debt.		50,000
Increase in demand bank credits	61,710	
Advances from Norcen.	263	
Investments.	4,856	5,115
Proceeds from sale of oil and gas subsidiary (note 9)	1,745	
	<u>110,027</u>	<u>92,987</u>
Application of funds		
Expenditures on properties, plant and equipment, net	54,639	45,095
Reduction in advances from Norcen		4,743
Reduction in demand bank credits		3,150
Retirement of long-term debt	16,404	18,153
Dividends	21,081	20,238
Reduction of common share capital	1,745	
Redemption of preference shares	2,576	2,826
Other.	1,126	244
	<u>97,571</u>	<u>94,449</u>
Increase (decrease) in funds position	12,456	(1,462)
Funds position at beginning of year	13,067	14,529
Funds position at end of year	<u>\$ 25,523</u>	<u>\$ 13,067</u>
Summary of funds position		
Current assets	\$142,046	\$130,008
Current liabilities, excluding demand bank credits and advances from Norcen (note 4).	116,523	116,941
	<u>\$ 25,523</u>	<u>\$ 13,067</u>

Consolidated Statement of Retained Earnings

Year ended December 31, 1984

(thousands of dollars)

	1984	1983
Balance at beginning of year	\$79,749	\$73,589
Net income	17,779	26,398
	<u>97,528</u>	<u>99,987</u>
Dividends		
First preference shares -first series	241	256
-second series	70	73
Second preference shares -series A	2,184	2,289
Third preference shares -series A	1	1
-series B	99	116
-series C	625	714
Common shares	<u>17,861</u>	<u>16,789</u>
	<u>21,081</u>	<u>20,238</u>
Balance at end of year	<u>\$76,447</u>	<u>\$79,749</u>

Auditors' Report

To the Shareholders of

Northern and Central Gas Corporation Limited

We have examined the consolidated balance sheet of Northern and Central Gas Corporation Limited as at December 31, 1984 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the method of accounting for foreign currency translation, on a basis consistent with that of the preceding year.

Toronto, Canada
January 31, 1985

Thomas Riddell
Chartered Accountants

Notes to Consolidated Financial Statements

Year ended December 31, 1984

(Tabular amounts are in thousands of dollars)

1. Accounting policies

The summary of the principal accounting policies presented elsewhere is an integral part of these consolidated financial statements.

2. Investments

	1984	1983
Investment in Gaz Métropolitain, inc. (GMI)		
Common shares (i)	\$ 78,874	\$ 78,874
Preference shares	18,331	19,132
Debt (ii)	68,309	65,918
	<u>165,514</u>	<u>163,924</u>
Equity in discontinued oil and gas subsidiary		9,189
Demand note from Norcen (iii)	47,300	47,300
Mortgages receivable	3,564	1,658
	<u>\$216,378</u>	<u>\$222,071</u>

(i) The Company has issued two series of exchangeable subordinated debentures, exchangeable into the Company's holding of 10,127,049 GMI common shares (34.3% interest at December 31, 1984). Both issues confer upon the holders the right to vote the shares subject to exchange during the terms of the issues and prior to exercising the exchange right. As a result the Company no longer has a voting interest in GMI. Accordingly, the Company accounts for its investment in GMI by the cost method.

The first issue of \$26,000,000 principal amount of 12% exchangeable subordinated debentures due in 2000 are exchangeable until July 1990 at the option of the holders into 3,250,000 common shares of GMI.

The second issue of \$55,016,000 of 13% exchangeable subordinated debentures redeemable in 1988 are exchangeable at any time during the period into 6,877,049 common shares of GMI. The Company has the option to pay the redemption price in cash or by tendering the common shares of GMI subject to the exchange right.

(ii) Excludes current maturities of \$6,097,000 in 1984 (\$5,427,000 in 1983) which are included in accounts receivable.

(iii) The subordinated demand note from Norcen was assumed by Inter-City subsequent to December 31, 1984. The note bears interest at 7.6% per annum and is subject to minimum annual repayments of \$1,672,000 in 1988 and \$4,148,000 from 1989 to 1999.

3. Properties, plant and equipment

	1984			1983
	Cost	Accumulated depreciation	Net	Net
Gas storage	\$ 20,251	\$ 6,016	\$ 14,235	\$ 14,415
Gas distribution	395,501	76,617	318,884	286,258
Rental equipment	51,009	21,919	29,090	22,748
General and other plant	27,183	10,347	16,836	14,845
	<u>\$493,944</u>	<u>\$114,899</u>	<u>\$379,045</u>	<u>\$338,266</u>

4. Demand bank credits

	1984	1983
Bank loans—unsecured.	<u>\$ 63,485</u>	<u>\$ 1,775</u>

While demand bank credits are by their terms due within one year and therefore classified as current liabilities, the Company has in the past retired and anticipates in the future retiring such obligations through the issue of long-term capital.

5. Long-term debt

	Due within one year	1984	1983
5¾%–11¼% first mortgage bonds, 1984–1998.	\$ 8,276	\$116,358	\$114,541
9½%–14% senior debentures, 1991–2008.	1,275	111,970	113,209
6% subordinated notes, 1987.	515	1,427	1,641
6½%–11¼% debentures, 1988–1991.		15,149	17,817
12%–13% exchangeable subordinated debentures, 1988–2000 (note 2).		81,016	81,016
	<u>\$10,066</u>	<u>325,920</u>	<u>328,224</u>
Deduct			
Long-term debt held for sinking fund purposes.			33
Current maturities on long-term debt.		10,066	11,712
		<u>10,066</u>	<u>11,745</u>
		<u>\$315,854</u>	<u>\$316,479</u>

Long-term debt maturities and sinking fund requirements for each of the four years subsequent to 1985 are as follows:

1986.	\$17,930,000	1988.	\$81,698,000 (note 2(i))
1987.	\$17,764,000	1989.	\$27,490,000

Of the long-term debt \$74,406,000 represents amounts owing to the Company by GMi as a result of financings arranged in prior years by the Company for GMi (note 2).

6. Capital stock

Authorized	
517,906	First preference shares issuable in series
3,683,900	Second preference shares issuable in series
341,201	Third preference shares issuable in series
2,500,000	Junior preference shares issuable in series
34,622,139	Common shares

First preference shares, first and second series, (currently redeemable at the Company's option at \$51.00 and \$50.50 per share respectively) do not presently have voting rights.

Second preference shares, series A, (redeemable at the Company's option after December 15, 1984 at a price of \$25.60 per share, declining annually to \$25.00 per share after December 15, 1987) do not presently have voting rights.

Third preference shares, series A, series B and series C, (redeemable at the Company's option at \$27.50 per share, \$26.50 per share and \$25.00 per share respectively) have voting rights. Pursuant to Inter-City acquiring the common shares of the Company from Norcen, Inter-City has committed the Company to redeem, at \$25.00 per share, one-half of the outstanding Series A and Series B preference shares on or before December 31, 1985 and the balance on or before December 31, 1986.

The following shares were redeemed during the year:

4,000	First preference shares, first series
900	First preference shares, second series
56,000	Second preference shares
3,897	Third preference shares, series B
46,000	Third preference shares, series C

During 1984, common share capital was reduced by \$1,745,000 which amount was paid to Norcen.

7. Dividend restrictions

The indentures and agreements relating to the Company's long-term debt obligations contain covenants limiting the payment of dividends.

The most restrictive covenant as at December 31, 1984, prohibits the Company from declaring common share dividends at a time when the aggregate of all such dividends paid during the period of twelve months to the end of the calendar quarter ending ninety days prior to the declaration of the proposed dividend (or, if such calendar quarter shall have ended within thirty days prior to the date of such proposed action, then, at the option of the Company, to the end of the next preceding calendar quarter) would exceed consolidated net income applicable to common shares of the Company during the same period. The declaration of dividends in 1984 complied with this covenant. As a result of consolidated losses arising from an extraordinary item which occurred on September 30, 1984, the Company is prohibited from declaring common share dividends in 1985 until such time as it has consolidated net income applicable to common shares for a twelve month period ending on a calendar quarter exceeding common share dividends paid in the same period.

8. Income taxes

A reconciliation between the statutory and the effective rate of income taxes is provided as follows:

	1984	1983
Income from continuing operations before income taxes	\$30,646	\$29,273
Federal statutory tax rate	46.0%	46.0%
Computed income taxes	\$14,097	\$13,448
Increases (decreases) in income taxes resulting from:		
Capital cost allowance deducted for income tax purposes		
in excess of depreciation	(1,772)	(1,109)
Corporate surtax		263
Provincial income taxes in excess of federal abatement	649	544
Non-taxable dividend income	(3,567)	(3,408)
Deferred charges and other items claimed for tax purposes		
in the year incurred	(3,911)	(4,291)
Other, net	(51)	(287)
Actual income tax expense	\$ 5,445	\$ 5,178
Effective tax rate	17.8%	17.7%

9. Sale of oil and gas subsidiary

Effective September 30, 1984, the Company sold its 99.8% interest in its oil and gas subsidiary to Norcen for \$1,745,000 resulting in a loss of \$9,400,000. The results of operations of the oil and gas subsidiary for the nine months ended September 30, 1984 have been shown separately in the consolidated statement of income. The figures for 1983, for this subsidiary, previously included in the consolidated financial statements have been restated and are included with "Investments" (note 2). Such restatement had no effect on consolidated net income or shareholders' equity.

Financial and Operating Summary–1980-1984

Consolidated Results

Financial Statistics (\$000's)	1984	1983	1982	1981	1980
Sales and other revenues					
Gas sales	\$727,825	\$698,154	\$645,983	\$562,893	\$500,000
Other revenues	20,767	21,910	24,304 ⁽¹⁾	25,727	21,000
	<u>748,592</u>	<u>720,064</u>	<u>670,287</u>	<u>588,620</u>	<u>521,000</u>
Costs and expenses					
Gas purchases	610,804	595,923	554,747	483,904	392,253
Operations and maintenance	63,687	56,829	52,303	44,924	39,092
Depreciation	12,254	11,435	10,639	9,183	7,800
Interest	38,954	34,013	31,350	31,156	25,337
Income taxes	5,445	5,178	4,598	5,653	6,234
	<u>731,144</u>	<u>703,378</u>	<u>653,637</u>	<u>574,820</u>	<u>500,686</u>
Income from continuing operations	<u>\$ 17,448</u>	<u>\$ 16,686</u>	<u>\$ 16,650</u>	<u>\$ 13,800</u>	<u>\$ 12,314</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$196,102	\$183,942	\$167,264	\$123,440	\$98,284
Commercial	178,181	164,717	153,693	116,421	82,200
Industrial-firm	197,564	201,882	197,444	192,464	174,281
-interruptible	155,978	147,613	127,582	130,568	105,700
	<u>\$727,825</u>	<u>\$698,154</u>	<u>\$645,983</u>	<u>\$562,893</u>	<u>\$500,000</u>
Volumes (10 ⁶ m ³)					
Residential	976	900	994	885	417
Commercial	977	900	985	913	400
Industrial-firm	1,280	1,111	1,423	1,722	1,700
-interruptible	1,126	1,000	997	1,273	1,200
	<u>4,359</u>	<u>3,911</u>	<u>4,399</u>	<u>4,793</u>	<u>3,717</u>
Customers at year-end					
Residential	280,894	268,389	259,202	252,192	248,800
Commercial	29,572	28,479	27,686	26,746	25,500
Industrial	542	544	548	567	500
	<u>311,008</u>	<u>297,412</u>	<u>287,436</u>	<u>279,505</u>	<u>274,800</u>
Capital expenditures (\$000's)	\$ 54,639	\$ 45,095	\$ 45,000	\$ 45,000	\$ 45,000
Kilometres of pipe at end of period	8,176	7,612	7,039	6,859	6,859

⁽¹⁾ Includes settlement on contract termination of \$1,450,000.

Financial and Operating Summary-1980-1984

Northern and Central Gas

Financial Statistics (\$000's)	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>
Sales and other revenues					
Gas sales	\$508,697	\$491,659	\$441,533	\$402,384	\$325,656
Other revenues	18,841	19,134	21,696 ⁽¹⁾	23,594	18,834
	<u>527,538</u>	<u>510,793</u>	<u>463,229</u>	<u>425,978</u>	<u>344,490</u>
Costs and expenses					
Gas purchases	439,468	429,117	393,339	357,011	284,866
Operations and maintenance	36,207	30,811	28,849	24,039	20,783
Depreciation	9,231	8,008	7,360	5,990	4,904
Interest	32,687	26,529	26,029	25,492	20,472
Income taxes	(527)	1,590	(1,989)	3,116	3,486
	<u>517,066</u>	<u>498,055</u>	<u>453,588</u>	<u>415,648</u>	<u>334,511</u>
Income from continuing operations	<u>\$ 10,472</u>	<u>\$ 12,738</u>	<u>\$ 9,641</u>	<u>\$ 10,330</u>	<u>\$ 9,979</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$ 95,664	\$ 89,695	\$ 75,270	\$ 58,211	\$ 48,282
Commercial	100,691	91,430	80,497	63,907	52,072
Industrial-firm	193,201	197,844	192,968	189,015	151,198
-interruptible	119,141	112,690	92,798	91,251	74,104
	<u>\$508,697</u>	<u>\$491,659</u>	<u>\$441,533</u>	<u>\$402,384</u>	<u>\$325,656</u>
Volumes (10⁶m³)					
Residential	427	447	410	386	398
Commercial	515	486	495	488	497
Industrial-firm	1,253	1,286	1,393	1,694	1,688
-interruptible	852	787	729	895	918
	<u>3,047</u>	<u>2,906</u>	<u>3,027</u>	<u>3,463</u>	<u>3,501</u>
Customers at year-end					
Residential	129,277	120,154	114,185	109,391	102,518
Commercial	16,235	15,310	14,685	13,929	13,039
Industrial	336	335	325	338	340
	<u>145,848</u>	<u>135,799</u>	<u>129,195</u>	<u>123,658</u>	<u>115,897</u>
Capital expenditures (\$000's)	<u>\$ 46,202</u>	<u>\$ 37,004</u>	<u>\$ 24,796</u>	<u>\$ 31,948</u>	<u>\$ 24,732</u>
Kilometres of pipe at end of period	<u>5,386</u>	<u>4,884</u>	<u>4,379</u>	<u>4,220</u>	<u>4,033</u>

⁽¹⁾ Includes settlement on contract termination of \$1,450,000.

Financial and Operating Summary–1980-1984

Greater Winnipeg Gas

Financial Statistics (\$000's)	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>
Sales and other revenues					
Gas sales	\$219,128	\$206,495	\$204,450	\$160,509	\$138,173
Other revenues	1,926	2,776	2,608	2,133	1,766
	<u>221,054</u>	<u>209,271</u>	<u>207,058</u>	<u>162,642</u>	<u>139,939</u>
Costs and expenses					
Gas purchases	171,336	166,806	161,408	126,893	107,387
Operations and maintenance	27,480	26,018	23,454	20,885	18,309
Depreciation	3,023	3,427	3,279	3,193	3,077
Interest	6,267	5,484	5,321	5,664	4,865
Income taxes	5,972	3,588	6,587	2,537	2,748
	<u>214,078</u>	<u>205,323</u>	<u>200,049</u>	<u>159,172</u>	<u>136,386</u>
Income from continuing operations	<u>\$ 6,976</u>	<u>\$ 3,948</u>	<u>\$ 7,009</u>	<u>\$ 3,470</u>	<u>\$ 3,553</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$100,438	\$ 94,247	\$ 91,994	\$ 65,229	\$ 57,978
Commercial	77,490	73,287	73,196	52,514	46,489
Industrial-firm	4,363	4,038	4,476	3,449	3,042
-interruptible	36,837	34,923	34,784	39,317	30,664
	<u>\$219,128</u>	<u>\$206,495</u>	<u>\$204,450</u>	<u>\$160,509</u>	<u>\$138,173</u>
Volumes (10 ⁶ m ³)					
Residential	549	530	584	499	537
Commercial	462	444	490	425	459
Industrial-firm	27	25	30	28	31
-interruptible	274	259	268	378	370
	<u>1,312</u>	<u>1,258</u>	<u>1,372</u>	<u>1,330</u>	<u>1,397</u>
Customers at year-end					
Residential	151,617	148,235	145,017	142,801	137,101
Commercial	13,337	13,169	13,001	12,817	12,471
Industrial	206	209	223	229	235
	<u>165,160</u>	<u>161,613</u>	<u>158,241</u>	<u>155,847</u>	<u>149,807</u>
Capital expenditures (\$000's)	\$ 8,437	\$ 8,091	\$ 5,885	\$ 7,215	\$ 5,672
Kilometres of pipe at end of period	2,790	2,728	2,660	2,639	2,620

Directors and Officers

Officers

Robert G. Graham	<i>Chairman of the Board</i>
Norman J. Didur	<i>President</i>
Harold E. Andrews	<i>Vice-President, Finance and Regulatory Affairs</i>
Leslie L. Hartford	<i>Vice-President, Operations</i>
Robert T. Rhodes	<i>Vice-President, Gas Supply and Planning</i>
Peter F. Scully	<i>Secretary</i>
Ronald W. Wasenda	<i>Treasurer</i>

Board of Directors

*Preston R. Cook	<i>Thunder Bay</i>
Norman J. Didur	<i>Winnipeg</i>
Robert G. Graham	<i>Toronto</i>
*Wayne R. Harding	<i>Treasure Island, Florida</i>
*J. Conrad Lavigne, C.M.	<i>Timmins</i>
Jean J. Leroux	<i>Toronto</i>
Donald S. Rogers	<i>Winnipeg</i>
*Audit Committee	

Head Office

245 Yorkland Boulevard
North York, Ontario M2J 1R1

PRINCIPAL SUBSIDIARY COMPANIES:

Manitoba

Greater Winnipeg Gas Company
265 Notre Dame Avenue
Winnipeg R3B 1N9

Quebec

Le Gaz Provincial du Nord de Québec Ltée
401 Richard Street
Rouyn J9X 4L4

